

Q4 2011



City of Seal Beach Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

Seal Beach In Brief

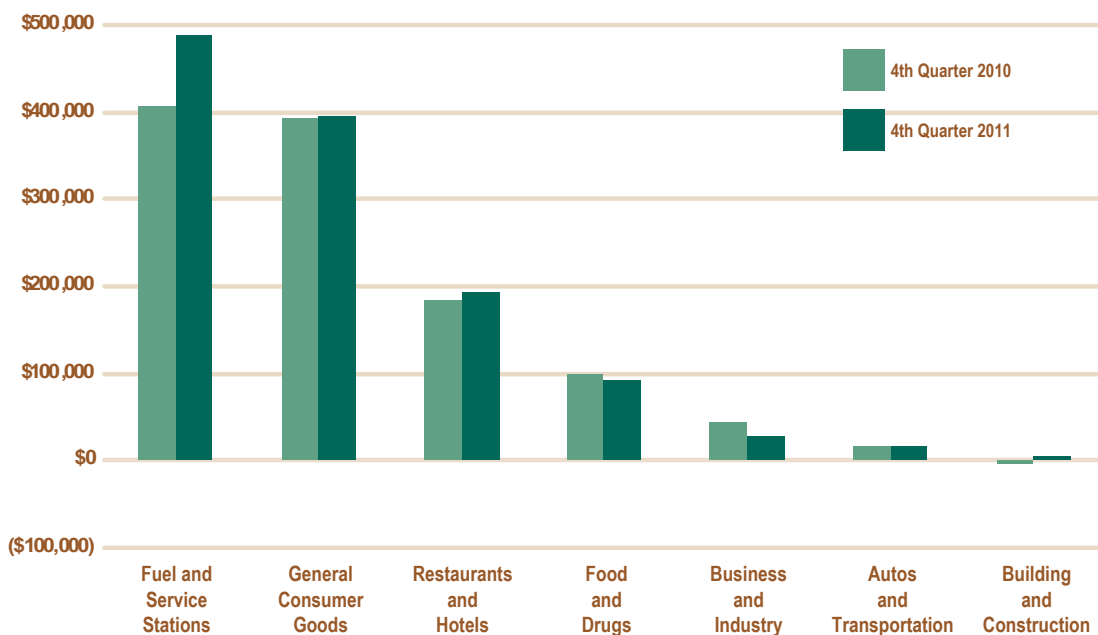
Receipts from Seal Beach's October through December sales were 7.4% higher than the same quarter one year ago. Actual sales activity increased 9.7% after accounting aberrations were factored out.

Despite prior business closeouts, the fuel & service stations group experienced strong sales which accounted for 40% of the overall increase. New eatery openings and higher net sales boosted results from restaurants. A larger allocation from the countywide use tax pool further contributed to the gain.

The gains were partially offset by weaker sales in some business & industry sectors while payment anomalies temporarily reduced food & drugs group receipts.

Adjusted for reporting aberrations, sales and use tax receipts for all of Orange County increased 7.8% from last year's comparable quarter while Southern California as a whole, was up 7.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

76	Old Ranch Country Club
Amonix	Original Parts Group
AT&T	Ralphs
Bed Bath & Beyond	Roger Dunn Golf Shops
California Pizza Kitchen	Spaghettini
Chevron	Sprouts
CVS Pharmacy	Stats Floral Supplies
Energy Tubulars	Target
G & M Oil	Union 76
Home Goods	Vons
Kohls	Walts Wharf
Marshalls	
Mobil	
Mobil	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

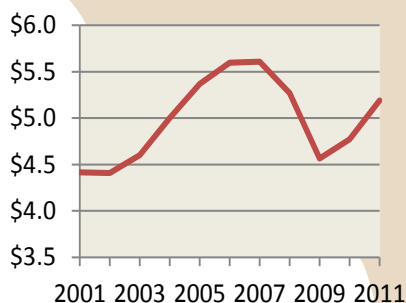
	2010-11	2011-12
Point-of-Sale	\$3,003,020	\$3,457,053
County Pool	319,603	358,072
State Pool	1,489	539
Gross Receipts	\$3,324,112	\$3,815,664
Less Triple Flip*	\$(831,028)	\$(953,916)

*Reimbursed from county compensation fund

California Overall

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

**CA Local Sales Tax Receipts
in \$Billions**



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

Retailers downsizing ... creating new opportunities and challenges

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

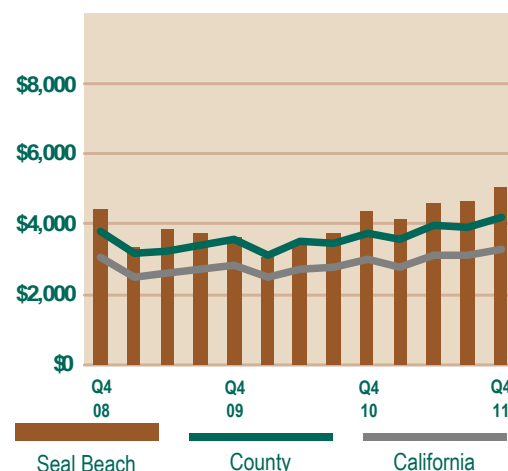
The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

To cut overhead and compete on price, more retailers are going to the "endless aisle" concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

SALES PER CAPITA**SEAL BEACH TOP 15 BUSINESS TYPES**

Business Type	Seal Beach		County	HdL State
	Q4 '11*	Change	Change	Change
Clubs/Amusement Places	— CONFIDENTIAL —		4.3%	10.9%
Department Stores	— CONFIDENTIAL —		1.8%	2.9%
Discount Dept Stores	— CONFIDENTIAL —		6.8%	4.1%
Drug Stores	25.3	8.0%	9.2%	8.0%
Electronics/Appliance Stores	13.2	-4.0%	3.6%	4.0%
Family Apparel	31.7	9.9%	11.7%	10.6%
Grocery Stores Liquor	— CONFIDENTIAL —		0.3%	-1.2%
Home Furnishings	62.9	11.9%	5.1%	3.6%
Petroleum Prod/Equipment	— CONFIDENTIAL —		39.0%	31.0%
Restaurants Beer And Wine	52.1	-0.3%	-0.2%	-0.3%
Restaurants Liquor	82.3	0.7%	10.7%	9.9%
Restaurants No Alcohol	46.4	31.8%	7.9%	7.2%
Service Stations	117.4	-7.8%	15.8%	14.7%
Sporting Goods/Bike Stores	16.4	5.0%	8.3%	7.1%
Women's Apparel	31.7	11.2%	6.5%	6.8%
Total All Accounts	\$1,218.8	7.2%	7.2%	7.8%
County & State Pool Allocation	133.7	9.6%		
Gross Receipts	\$1,352.5	7.4%		<i>*In thousands</i>